



U.S. GENERAL SERVICES ADMINISTRATION
Office of Governmentwide Policy

DEC 17

CIVILIAN AGENCY ACQUISITION COUNCIL LETTER 99-3

MEMORANDUM FOR CIVILIAN AGENCIES OTHER THAN NASA

FROM: *Edward C. Loeb*
EDWARD C. LOEB
CHAIRMAN
CIVILIAN AGENCY ACQUISITION COUNCIL (CAAC)

SUBJECT: Class Deviation from the Federal Acquisition
Regulation (FAR) 31.205-46 (a) (2) Maximum
Per Diem rates under the Federal Travel
Regulations (FTR)

This extends the policy established in the class deviation issued on May 7, 1999, Civilian Agency Acquisition Council Letter 99-1, same subject as above.

Civilian agencies are encouraged to authorize a class deviation immediately in accordance with FAR 1.404(a) and 31.101 to deviate from the requirement of FAR 31.205-46(a) (2). FAR 31.205-46(a)(2) limits the allowable cost for contractor employee lodging, meals, and incidental expenses to the maximum per diem rates in effect at the time of travel as contained in the FTR; the Joint Travel Regulation (JTR), or the Standard Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas." The contract clause that implements this deviation should allow contractors the choice of using either the FTR rates and definitions in effect on December 31, 1998 or the current FTR rates and definitions.

On December 2, 1998, GSA's Office of Governmentwide Policy issued a final rule that made significant changes to the FTR's per diem computation, including extracting lodging taxes from the per diem rates. Taxes now are paid separately as a miscellaneous expense. The change in the FTR could result in contractors incurring a significant administrative burden and substantial cost in modifying management systems to comply with the new rule. This change comes at the same time as the CAAC and the Defense Acquisition Regulations

1800 F Street, NW, Washington, DC 20405-0002

Council are proposing a FAR change to the FAR travel cost principle.

We recommend that you authorize the class deviation through September 30, 2000, or until the FAR is revised, whichever occurs first. Enclosure 1 is a sample class deviation. This letter serves as evidence of consultation with and approval by the Chairperson of the Civilian Agency Acquisition Council, as provided in 1.404 and 31.101.

Enclosure

Enclosure 1

TO: Agency Head or Designee

Subject: Request for Class Deviation from FAR 31.205-46
(a) (2)

In accordance with Federal Acquisition Regulation (FAR) 1.404, your approval is requested to deviate from FAR 31.205-46 (a) (2).

Effective January 1, 1999, the computation of Federal Travel Regulations maximum per diem rate limitations was significantly changed. The lodging taxes are now separated from the per diem rates and are now being paid separately as a miscellaneous expense. We are concerned that the change in the FTR could result in contractors incurring a significant administrative burden and substantial cost in modifying their system to comply with the new rule. At the same time, the Federal agencies are considering a FAR change to remove these maximum per diem rate limitations.

This class deviation will allow amendment of the cost principle in applicable contracts to permit contractors the choice of using either the FTR rates and definitions in effect on December 31, 1998, or the current FTR rates and definitions. This class deviation does not permit contractors to choose between the different per diem rates on a case by case basis. Instead, the contractor must choose between the 1998 FTR definitions and rates or the current definitions and rates for all pertinent contracts related travel. This class deviation shall remain in effect **until September 30, 2000, or upon issuance of a pertinent FAR change, whichever occurs first.** This request has been coordinated with the Chairperson of the Civilian Agency Acquisition Council.

APPROVED: (Agency Head or Designee)
Name, Title